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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 441**

**COURSE TITLE: PROCUREMENT CODES AND ETHICS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 01/04/2021 TIME: 3.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

You are a staff associate at a major public accounting firm and graduated from college two years ago. You are working on an audit for a small, nonprofit religious publishing firm. After performing tests on the royalty payables system, you discover that for the past five years, the royalty payable system has miscalculated the royalties it owes to authors of their publications. The firm owes almost $100,000 in past due royalties. All of the contracts with each author are negotiated differently. However, each author’s royalty percentage will increase at different milestones in books sold (i.e., 2% up to 10,000 and 3% thereafter). The software package did not calculate the increases, and none of the authors ever received their increase in royalty payments. At first you can’t believe that none of the authors ever realized they were owed their money. You double check your calculations and then present your findings to the senior auditor on the job. Much to your surprise, his suggestion is to pass over this finding. He suggests that you sample a few additional royalty contracts and document that you expanded your testing and found nothing wrong. The firm’s audit approach is well documented in this area and is firmly based on statistical sampling. You don’t know whether to tell the truth and risk a poor performance review and jeopardize your future with this company, or to tell the truth, hopefully be exonerated, and be able to live with yourself by “doing the right thing” and facing consequences with a clean conscience.

**Required;**

1. Given the above dilemma, explain the three frameworks for ethical decision-making you can adopt to help you make this decision (6 marks)
2. Explain six examples of ethical dilemmas that employees face while making key ethical decisions (6 marks)
3. Highlight eight ethical practices in procurement that guide officers while conducting various organizational functions (8 marks)
4. Discuss five factors and personal characteristics that have an impact on decision- makers (10 marks)

**QUESTION TWO**

Using relevant examples to support your arguments, discuss how employees at various levels of the organization can uphold ethics in as far as the issues mentioned below are concerned.

1. Environmental Issues (4 marks)
2. Corruption (4 marks)
3. Gender Issues (4 marks)
4. Sexual Harassment (4 marks)
5. Discrimination (4 marks)

**QUESTION THREE**

1. Many organizations have formulated codes of ethics for their employees. Discuss the advantages of a code of ethics (10 marks)
2. The business needs suppliers to get a continuous supply of commodities for its customers, discuss the responsibility owed by the business to its suppliers (10 marks)

**QUESTION FOUR**

1. Fraud is not necessarily restricted to those with the title purchasing officer but may involve anyone indirect contact with suppliers, discuss the measures to control fraud in procurement (10 marks)
2. Explain five example of information that may be considered confidential in Procurement and Supplies (10 marks)

**QUESTION FIVE**

1. Procurement officers should refrain from soliciting or accepting money, loans, credit or gifts and favors from present or potential suppliers that might influence, purchasing decisions. However, if gifts are to be accepted certain factors are considered, explain five such factors (10 marks)
2. Discuss the importance of ethical practices in Purchasing and the Organization (10 marks)